



Affiliates Should Not Be Shocked By Rough Treatment, Lawyer Says

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Stung after being dumped by a top UK online gambling operator, online gambling “super affiliates” suggested they would welcome regulation or even licensing, and promised to set up a trade association to help clean up their controversial industry.

A panel of larger affiliates complained that Sky Betting & Gaming’s torpedoing of its third-party affiliate programme last week was “very harsh” and hurt some affiliates “in a devastating way”.

Sky had a right to defend its reputation, but its termination was too abrupt and the operator unilaterally ended revenue-sharing agreements over customers that affiliates may have spent years developing, affiliates said.

“Make the time frames in a way we can adapt,” said Marcos Oliveira, chief affiliate officer of Clever Advertising Group. “I’m not saying create a union, but some kind of body that can protect our interests.”

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But a long-time gambling law attorney said that affiliates were not going to get much sympathy — marketing and data protection rules are tough and getting tougher.

“This was an accident that was going to happen, but I don’t think it should have come as a huge surprise,” said David Clifton of Clifton Davies consulting firm. “The rules are already out there.”

Clifton and the affiliates spoke on Wednesday at separate sessions at the Betting on Sports conference in London, sponsored by SBC Global.

The reputation of the affiliates industry has been pounded in recent weeks.

One of the key reasons behind Sky Bet’s hasty abandonment of its affiliate programme was disclosed on Wednesday when the Advertising Standards Authority (ASA) revealed that Sky, Ladbrokes, 888 and Casumo were all reprimanded for “socially irresponsible” ads that the companies blamed on a wayward affiliate.

All could now be vulnerable to follow-up fines from the UK Gambling Commission.

Other operators including Ladbrokes Coral Group and 888 Holdings are cracking down to protect their reputations, or even operating licences.

On Wednesday Paddy Power Betfair sent tough new guidelines to its affiliate partners.

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The document, which has been seen by GamblingCompliance, states a "one-strike" policy which will see affiliates suspended for a first violation of rules that include a complete prohibition on text messaging, "advertorial-style" or "pop-under" marketing.

Affiliates acknowledged that Sky was justified in taking steps to protect itself against a very serious violation — an advertorial promotion by an unknown affiliate improperly suggested that gambling could cure depression or financial problems.

"It's always the smallest affiliates that cause the biggest problems," Oliveira said.

"If one of us pulls off a stunt like these guys did, it hurts all of us," said Ory Weihs, chief executive of XL Media.

Weihs said his company has a compliance team with a "lot of lawyers".

"I personally would have no problem getting a Gambling Commission licence," he said.

But Clifton said that scenario was unlikely.

"I don't think the Gambling Commission wants to licence affiliates; they want that load on the operators," he said.

That means the operator's head is on the chopping block with the regulators, not the affiliate's Clifton said.

"They are going to whop somebody very hard if they don't see some movement," he said.

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